going to offset everything where there is a bipartisan agreement of what ought to be offset. The upshot of the analysis in this chart is that known offsets cover only about 40 percent of the revenue needed to carry out pending time-sensitive tax legislation that there is a great deal of bipartisan support for and bipartisan agreement that it ought to pass and some of it ought to be passing very shortly.

Now, some on the other side will probably respond with three counterpoints, so I want to anticipate that—not that I am going to stop them from responding. The first will be that the committee tax staffs will find the additional $91 billion that is needed to fill up the well. The second will be a claim that offshore shelter activity is a vast, easily tapped revenue source. The third counterpoint will be that closing the tax gap can yield the necessary revenue.

As far as those three points are concerned, in the preceding presentation by the chairman of the committee, my colleagues heard some of these points expressed already.

On the first point, I would refer everyone to the track record of the tax staffs to the period 2001 to 2006. During that period, I chaired for 4½ years and Senator BAUCUS chaired for 1½ years. During that period, we changed the tax shelter rules and closed numerous corporate loopholes. If you don't believe me, then just go down and ask the K Street crowd of highly paid lobbyists who defended or fought every one of those. During that 6-year period, an active Finance Committee tax staff was able to achieve $51 billion in enacted revenue raisers. That figure should give everyone some perspective of what is doable. It is very hard to find that revenue.

Now, some on the other side will argue for my second point that the offshore activities will produce up to $100 billion a year. The anecdote alluded to usually referred to fraudulent activities. Of course, tax fraud is a crime now. Perhaps we could continue to make progress on this front with more enforcement, but the figures bandied around have no Joint Tax or Treasury scoring that I am aware of.

I will expand on this point in a separate discussion later on in this week when we have some more debate on it. But it is tough to get the revenue that is alluded to in the speeches we are going to hear this week.

The third counterpoint is that the tax gap will yield a readily available, easily tapped revenue source. As a preliminary matter, let me say that the tax gap is a serious tax policy and a serious administration issue. I have devoted a lot of time and energy to closing the gap over the last few years, as the chairman of the committee, Senator BAUCUS, is doing in his recent chairmanship.

Unfortunately, as IRS officials have told us in several hearings, the tax gap number currently estimated to be $250 billion net annually is not the same thing as a revenue estimate. They have cautioned us to be careful about designing tax gap closure measures that are driven by unrealistic revenue targets in unrealistic timeframes.

When we went through the tax gap discussion last year, these points were disputed by some on the other side. With a Senate Democratic majority in place for over a year, we may have a bit of a yardstick to use to see just how much revenue can come in. Let's take a look at the claims on tax gap revenue and how we have done.

We have three charts that I hope will help us understand. The first chart is the tax gap reality check. My colleagues can see it here. We see some big numbers. This chart takes the form of an inverted pyramid, as my colleagues can see. At the top of the chart is gross tax gap. That is what appeared in the budget resolution markup document, the last year that the IRS testified that the improvements in collections have brought the tax gap down by $55 billion to a net tax gap of $290 billion.

As we work our way down the inverted pyramid, we go to the tax gap proposals. There are two categories. The first is the Treasury tax gap strategy set of proposals. On an annualized basis, these proposals raised $3.6 billion per year.

Some of these proposals have proved controversial on both sides of the aisle. Many are complicated and wide-ranging and may need further work. It is not by accident that they are still a work in progress.

The second set of proposals comes from the Joint Tax Committee's white book. This pamphlet, requested by Senator BAUCUS and me—and we requested this a few years ago—was published in late January 2005. A note of caution is in order about the chart's figures. The $44 billion annualized figure includes many tax expenditure reform proposals. Some tax gap proponents have strongly opposed the mixing of these proposals with pure tax gap proposals. I will speak in more detail about these proposals as we go on in this week's debate. If one were to delete the tax expenditure reform proposals from this figure, it would drop considerably.

For purposes of this exercise, I am going to use the full set of Joint Tax proposals. If we do that and add them to the Treasury proposal, we come away with roughly $44 billion per year in tax gap-related proposals.

As a side note, a couple of recently enacted tax gap proposals have run into rough sledding with the new majority. The first proposal is from the 2005 Joint Tax book. It deals with withholding on contractor payments enacted in 2006. Ways and Means Democrats are seeking to delay it. In addition, many House and Senate Democrats are insisting on repealing another tax gap measure, this one dating from 2004, providing supplementary private debt collectors. If enacted, the Joint Tax scores that proposal as actually losing revenue.

As we work our way further down the inverted pyramid that I call the tax gap reality check, we total up enacted tax gap provisions. During the fiscal year of the new majority, we find $572 million of enacted tax gap provisions. The enacted provisions represent two-tenths of 1 percent of that great big, gigantic figure that we call tax gaps—just two-tenths of 1 percent. Now, that ought to give anybody pause when you are putting this year's budget together and you are anticipating a lot of money coming in from this source. What experience we have had hasn't produced a lot of revenue.

Let's look at the demands on the tax gap revenue in this budget. We have another chart. It totals up the proposed uses of the tax gap revenue. This chart is in the shape of a pyramid—the way a pyramid ought to be, not upside down.

Listed in the first category is annualized tax relief and spending demands in the budget that are assumed to be offset by, and among other things, this tax gap revenue. You can see that they total $314 billion per year. I have accounted for the Baucus amendment's annualized impact of $65 billion. So the net demand on the annual tax gap is about $249 billion. If you have been following the charts and the arithmetic, you can see that the budget uses almost all of the tax gap revenue, up to about 85 percent.

Keep in mind that the track record is that only $572 million of tax gap raisers were enacted last year. To give you perspective, you can look at the ratio of demands on tax gap revenue to the revenue raised from enacted provisions. That is what this chart does. The ratio is 435 to 1. There are $435 of proposed tax gap uses in the budget for every $1 of enacted tax gap revenue.

When you look over these numbers, it should lead to a healthy skepticism of using tax gap revenue as some sort of instant revenue source to accommodate all the spending this budget proposes to do. We ought to listen to the career statistics of income folks over at the Internal Revenue Service. When they tell us not to treat the tax gap number like a revenue estimate, they are on pretty solid ground. It doesn't mean we should not be aggressive about the tax gap. We should. But the thirst for quick-and-dirty revenue raisers should not drive the strategy for dealing with this important problem.

I wish to step back and summarize the last two major points.

The first point is that this budget does represent the priorities of the Democratic leadership. It is put forward with the stated objective of achieving fiscal responsibility. The budget dramatically raises taxes, increases spending considerably above the already generous baseline, and does nothing about entitlements. Most experts agree that entitlement spending, left unchecked, will cannibalize the